

Bill 42 (2017), CD1
Additional Testimony



Advocates For Consumer Rights

Working for Hawaii's consumers since 1994

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October 30, 2018

TO: Ernest Y. Martin, Chair and Members of the Honolulu City Council

TESTIMONY FOR SPECIAL MEETING
CITY COUNCIL CHAMBER
TUESDAY, OCTOBER 30, 2018
9:00 A.M.

Aloha Chair Martin and Council Members,

First, thank you for considering our testimony **OPPOSING Bill 42 CD1 and Resolutions 18-127, 8-132, 18-237, and 18-239.**

Hawai'i Advocates For Consumer Rights (AFCR) is in our third decade of advocating for or against important public policy issues, which affect the financial wellbeing of Hawaii consumers. We raise no money and are non-partisan.

AFCR has always supported "a practical, affordable mass transit system in Honolulu" but we have strongly opposed the antiquated elevated "steel-on-steel" third rail technology system now under construction. It's of course too late to change this now. See our long history with rail at <<https://tinyurl.com/h762hp9>>.

As you know, the October 29, 2018, statement from Mayor Caldwell informed us of the FTA's latest demands including: "Absent a viable path forward, FTA may proceed with the remedies set forth in the Full Funding Grant Agreement for this project." We do not envy the seemingly no-win decisions you are now facing and would strongly suggest the following remedies which could indeed be "a viable path forward":

- 1) Pause construction at the Middle Street bus terminal and get the first leg of the system operative so that all concerned can: A) see the actual operating costs and B) work out the traffic and various unknown other problems with what has already been built.

- 2) Because the decision to go to the Ala Moana shopping center was made many years ago before climate change and the quickly-rising sea level became a reality with all of Waikiki and parts of the current rail route projected to be flooded, while the system is being made operative to Middle Street, look into the ramifications of redirecting the route from Middle Street to the University of Hawaii at Manoa. While such a change would require the FTA and Honolulu to renegotiate the Full Funding Agreement, it seems logical that the FTA would come to see the wisdom of this course of action.

God help us all if and when we find ourselves in another recession which is a very real possibility given the many international and national political problems we face and the fact that Hawai'i is an aging "sun and surf" destination with major competition and given Hawaii's many deteriorating infrastructure and visitor attractions. In addition to beginning to relieve some of our traffic problems, if operated correctly, the rail system paused at Middle Street could become a new and much needed visitor attraction because of the views from the rail and the ease of reaching the many attractions on the Ewa side of Oahu which hold the possibility of creating many new well-paying jobs for those who live Ewa.

Mahalo for your thoughtful consideration of these suggestions.

Sincerely,
Scott Foster
Communications Director
Hawai'i Advocates For Consumer Rights

From: CLK Council Info
Sent: Monday, October 29, 2018 4:21 PM
Subject: Council/Public Hearing Speaker Registration/Testimony

Speaker Registration/Testimony

Name Emil Svrčina
Phone 808-256-6473
Email emilsvrcina@gmail.com
Meeting Date 10-30-2018
Council/PH Committee Council
Agenda Item Bill #42 and resolutions
Your position on the matter Oppose
Representing Self
Organization
Do you wish to speak at the hearing? No

Written
Testimony

I am testifying on behalf of my family of all 7 members (6 already voting) in total opposition to Bill 42 and any associated resolutions that involves the use of city (a.k.a. Oahu taxpayer) funds for rail. This precedent-setting measure gives Mayor Caldwell and the HART Board and you on the City Council a "blank check" for adding fees and increasing Oahu property taxes for rail construction and operations. The Honolulu County Republican Party has taken a position opposing any new legislation that leads to additional collections above the HART estimated \$9.3 billion through 2030 -- the very same project that voters in 2008 were promised right before the election would not cost more than \$3.9 billion.

Ordinance 07-001 states, "capital cost and any interest to finance that capital cost shall be paid entirely from general excise and use tax surcharge revenues, interest earned on the revenues, and any federal, state, or private revenues," Bill 42 violates this ordinance by changing all the rules that taxpayers were explicitly promised would protect them. The General Excise Tax, initially implemented for 16 years of collections, has now been extended twice to a total of 24 years. While the 2017 state "BAIL-OUT" for rail, Act 1, extended the General Excise Tax to 2030, further burdening taxpayers; it also added one percent for 13 years for rail spending to the Transient Accommodations Tax; burdening tourism statewide to help pay for Honolulu's beleaguered rail construction project. At this point, all taxpayers were led to believe that this behind-schedule, over-budget project finally had the adequate amount of money for completion.

Clearly, we have been duped by our elected officials and by the rail industry which so generously funds the campaigns of these same elected officials.

The Hawaii State Legislature did add other provisions in Act 1 because of its members' expressed displeasure with the performance of both the city administration and the Honolulu Authority for Rapid Transportation. One provision called for a state audit, which has been under way for some months—and the State Auditor has encountered well-publicized difficulties in trying to complete his job because of impediments from HART. Without full transparency of all collections and expenditures, suspicions have arisen about potential culpability and calls have now been made for a forensic audit. We agree with those calls and insist that any audit be completed before another penny is allocated from any revenue source. If incompetence by HART and/or inaction due to dysfunction by the Honolulu City Council has caused the FTA to become rightfully impatient, then so be it. Taxpayers are tired of paying for your mistakes and weary of endless blank checks.

Now the federal subsidy is no longer a whopping one-third of the project costs and is merely one-eighth of the ever-higher total construction cost, let's not be rushed as usual by the desire for federal dollars for rail.

Testimony
Attachment
Accept Terms
and Agreement

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HAWAII LODGING & TOURISM
ASSOCIATION

Testimony of

Mufi Hannemann
President & CEO
Hawaii Lodging & Tourism Association

Honolulu City Council
Committee on Legislative Matters &
Full Council Hearings

Tuesday, October 30, 2018

Testimony in Support

Bill 42 (2017) CD2 – Funding for Transit

Resolution 18-127 – General Obligation Bonds; Resolution 18-132 – General Obligation Bonds;
Resolution 18-237 – Agreement with the Honolulu Authority for Rapid Transportation;
Resolution 18-239 – 2018 Recovery Plan

Chair Martin and members of the committee,

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, representing more than 50,000 hotel rooms and nearly 40,000 lodging workers—supports Bill 42 CD2 (2017), Resolution 18-127; Resolution 18-132, Resolution 18-237; and Resolution 18-239 as a means to help fund the construction of the Honolulu Rail Project and satisfy the requests from the Federal Transit Administration.

The City is at a point where it needs to demonstrate it is exercising greater fiscal responsibility to ensure the completion of rail in a timely accountable manner. Speaking as the current President and CEO of the Hawaii Lodging and Tourism Association with thousands of island residents employed by the visitor industry in Waikiki, we look forward to having a rail system that will be part of a multi-modal network of transportation options. It will play an integral role in enabling our hard working hospitality employees to get to and from work, as well as create more housing options through transit oriented development.

My time as Honolulu Mayor and as a Councilmember indicated to me that the City should not always be looking to the State's coffers to fund shortfalls in the rail project. At present, the FTA is requiring the City to commit the \$44 million stated in HART's previous financial plan, and we need to ensure that this requirement is fulfilled so that we don't risk losing the \$745 million of the federal grant balance. It is my understanding that FTA was given assurances by City officials in an earlier meeting with them in April that this would get done. Therefore, we support measures that would accomplish this goal, such as Council Chair Martin's idea to perhaps use the rainy day fund as a bridge for financing the shortfall, which would be immediately repaid once the general obligation bonds are sold.

We continue to urge the mayor's administration and the city council to work together to support HART and its efforts to make sure that we successfully move this project forward. As someone who is very familiar with the FTA process, the City needs to keep its word, produce results and to show that there is appropriate local funding. We have spent too much time letting this project fall by the wayside due to lack of strong executive leadership. HART is finally in a good place, making strides and picking up momentum in advancing the project but they cannot do it alone. P3, an initiative of HART, in due time will result in a welcome infusion of private dollars and funding to bolster the project. On behalf of the Hawai'i Lodging & Tourism Association and its members, we support the passage of these measures through both the Committee on Legislative Matters and the Full Council, as it will send a strong message to the FTA that the City and County of Honolulu has its "act together" and is serious about making good on its commitment.

Mahalo.

Special Council Meetings: Tuesday, October 30, 2018 at 9:00 a.m.

City Council Chambers

Chair Ernie Martin and Members of the Honolulu City Council,

I am Ken Farm, providing you with my testimony in support of Bill 42, CD1 and Resolutions 18-127, 18-132, 18-237 and 18-239 which relate to rail funding.

I am a member of the Kalihi Neighborhood Board No. 15. While I am speaking as an individual, on July 19, 2017, our neighborhood board approved a resolution supporting the completion of the full 20-mile, 21-station project through Kalihi and to Ala Moana Center as planned, and encouraged our legislators, city councilmembers and our executive branches to fund the necessary monies to complete the rail project.

Many residents of Kalihi-Palama already use and depend on public transportation, and improving public transportation is a matter of social equity. We believe rail will provide residents with better access to public transportation for work, school, medical services, and other activities.

We also support the affordable housing opportunities brought about by TOD along the rail alignment in Kalihi.

The FTA is requiring HART and the City to take immediate steps to fully commit \$44 million identified in HART's financial plan by November 20th. We cannot risk losing the grant and the funding if the federal government is not satisfied. The Council must consider all measures necessary to provide these funds, including options like the rainy day fund as a bridge for financing the shortage.

Please approve these measures and take all necessary steps to secure the rail funds that are being required by the federal government.

Sincerely,

Ken Farm

Board Member
Board No. 15
Kalihi-Palama

From: CLK Council Info
Sent: Tuesday, October 30, 2018 7:10 AM
Subject: Council/Public Hearing Speaker Registration/Testimony

Speaker Registration/Testimony

Name Elaine Kam
Phone 517-1756
Email hulanews@gmail.com
Meeting Date 10-30-2018
Council/PH Committee Council
Agenda Item Bill 42 (2017), CD1; RES.18-127, CD1; 18-132, CD1; 18-237, CD1; 18-239, CD1
Your position on the matter Oppose
Representing Organization
Organization Financial Accountability For Rail Mass Transit Association
Do you wish to speak at the hearing? Yes

Written Testimony

Aloha, Chair Martin and Committee members,
Our Financial Accountability For Rail Mass Transit Association strongly oppose all bills and resolutions that request City tax increases, especially
Property tax increases for the overpriced rail.
The letter dated October 26, 2018 from the Federal Transit Administration (FTA) to Honolulu Mayor Kirk W. Caldwell reads
Your letter requests clarification of the Federal Transit Administration's (FTA) request that the \$44 million identified in HART's previous financial plan of September 15, 2017, be fully committed towards the project by November 20, 2018. In Accounting: Earmarking or setting aside of funds in response to a purchase requisition . These funds remain committed (encumbered) until the purchased good or service is paid-for after its receipt, thereby converting the encumbrance into an expenditure. (taken from the Investopedia . terms . committed capital. This \$44 million commitment does NOT mean the FTA is asking for \$44 million more money from us, it's asking where is this money which was committed (encumbered, reserved, kept) to pay for the rail. Is Mayor Caldwell using this misinterpretation of the word "commitment" as an opportunity to gain access to City money, raising property taxes, gaining unlimited credit card amounts and blank checks, obtaining the great opportunity to commingle city money for his rail project?

Please vote NO to any tax increases which will give our Mayor a slush fund to pay for the rail.
Please schedule these important financial hearings on Saturdays and also in the evenings to allow workers to attend.
Thank you for your time.
Elaine Kam

Testimony
Attachment
Accept Terms
and Agreement 1

From: CLK Council Info
Sent: Tuesday, October 30, 2018 9:13 AM
Subject: Council/Public Hearing Speaker Registration/Testimony

Speaker Registration/Testimony

Name J Miriam Hellreich
Phone 808 284 3235
Email mhellreich@gmail.com
Meeting Date 10-30-2018
Council/PH Committee Council
Agenda Item Bill 42
Your position on the matter Oppose
Representing Self
Organization
Do you wish to speak at the hearing? No

To : All Council Members

Written
Testimony

We wish to register our strong objection to Bill 42 and any associated resolutions being heard by the City Council today which would give the Mayor , the Hart Board and the City Council the authority to add fees and increase property taxes for oil construction and operations. This is an egregious act on the part of everyone involved in supporting this. Our citizens can hardly afford to live in our state at this time and to increase property or other taxes at this time would produce a major economic hardship. We have worked with many of the council members in the past in their capacities as legislators, and we ask you to consider at this time what is best for our citizens NOT what will produce more money for what is already a "failed rail system."

Sincerely,

J. Miriam Hellreich
Philip Hellreich, M.D.

Testimony
Attachment
Accept Terms
and Agreement

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From: CLK Council Info
Sent: Tuesday, October 30, 2018 9:38 AM
Subject: Council/Public Hearing Speaker Registration/Testimony

Speaker Registration/Testimony

| | |
|--------------------------------------|--|
| Name | Patricia Blair |
| Phone | 8088886393 |
| Email | patriciablair@msn.com |
| Meeting Date | 10-30-2018 |
| Council/PH Committee | Council |
| Agenda Item | Rail funding |
| Your position on the matter | Oppose |
| Representing | Self |
| Organization | |
| Do you wish to speak at the hearing? | No |
| Written Testimony | I oppose Bill 42, Resol. 18-127, 8-132,18-237,18-239 |
| Testimony Attachment | |
| Accept Terms and Agreement | 1 |

Katherine T. Kupukaa
Mililani, Hawaii

SPECIAL MEETING

DATE: Tuesday, October 30, 2018
TIME: 9:00 am
PLACE: CITY COUNCIL CHAMBER

RE: OPPOSE Bill 42 (2017), RELATING FUNDING FOR TRANSIT

I oppose this bill as you were elected to office to serve the people of the City and County of Honolulu in their best interests. This bill is counter to that. This bill is to allow for greater flexibility in the sources of monies to be used for the capital cost of the Honolulu Rail Transit Project. This is totally unacceptable. There appears to be a problem with spending and will have to forego future reimbursement of millions of dollars. I find it appalling that you would consider passing this bill.

This Rail project is failed project and it is shameful that it was allowed to begin construction. It will not serve the citizens, it will not reduce congestion, it will not get the ridership, and in the end the burden of this tax will be in the pocketbooks of generations to come.

The first leg of this Rail was scheduled to be operation in 2012. It is 2018 and interim service from East Kapolei to Aloha Stadium is scheduled for 2020. The East Kapolei to Ala Moana Shopping Center is scheduled to be in operation in 2025. The FTA is requesting the City to come up with the financial plan by November 20, 2018. Here you are trying to rush this funding through. When are you going to wake up and stop this at Middle Street to save our State from going bankrupt.

As Jesus says in Luke 14:28-30 For which of you, intending to build a tower, (RAIL) does not sit down first and count the cost, whether he has enough to finish it—lest, after he has laid the foundation, and is not able to finish, all who see it (RAIL) begin to mock him, saying, This man began to build and was not able to finish.

I urge you not to pass this bill and think about the citizens of the City and County of Honolulu and the future generations to come. Thank you for allowing me to voice my concern.